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8 UNITED STATES DISTRICT COURT  
9 CENTRAL DISTRICT OF CALIFORNIA  
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12 S.S.L. INVESTMENTS, LLC,  
13 Plaintiff,  
14 v.  
15 ASHA OROSKAR, ET AL.,  
16 Defendants.  
17

CV 22-2953-RSWL-ASx

**ORDER re: MOTION TO COMPEL  
ARBITRATION AND DISMISS OR  
STAY COURT PROCEEDINGS**  
[27]

18  
19 Plaintiff S.S.L. Investments, LLC ("Plaintiff")  
20 brought the instant Action against Defendants Asha  
21 Oroskar, Anil Oroskar, Priyanka Sharma, Pulak Sharma,  
22 Gregory Rocklin, Orochem Technologies, Inc., and Kazmira  
23 LLC, ("Defendants") alleging violation of RICO,  
24 conspiracy to violate RICO, fraud, fraudulent  
25 concealment, unlawful business practices, and false  
26 advertising. Currently before the Court is Defendants'  
27 Motion to Compel Arbitration and Dismiss or Stay Court  
28

1 Proceedings [27].

2 Having reviewed all papers submitted pertaining to  
 3 this Motion, the Court **NOW FINDS AND RULES AS FOLLOWS:**  
 4 the Court **GRANTS** Defendants' Motion to Compel  
 5 Arbitration, **ORDERS** the parties to arbitrate their  
 6 dispute in accordance with the terms of the Agreement,  
 7 and **DISMISSES** the Action without prejudice.

## 8 I. BACKGROUND

### 9 A. Factual & Procedural Background

10 In May 2018, Defendants<sup>1</sup>, representatives of  
 11 Shoolin and/or Orochem approached Plaintiff,  
 12 processor and wholesale distributor of  
 13 Tetrahydrocannabinol ("THC") oil, to propose that  
 14 Plaintiff use Shoolin's column and SMB  
 15 chromatography systems ("proprietary technology")  
 16 to process THC oil. Compl. ¶¶ 22-26.  
 17 Specifically, Plaintiff alleges that Defendants  
 18 explained the effectiveness of Shoolin's  
 19 proprietary technology and its ability to produce  
 20 THC purity levels of at least ninety percent while

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21  
 22 <sup>1</sup> Each individually named Defendant is tied, directly or  
 23 indirectly, to Shoolin, LLC ("Shoolin"). Defendant Asha Oroskar  
 24 is President and Chief Executive Officer ("CEO") of both Shoolin  
 25 and Orochem Technologies, Inc. ("Orochem"). Compl. ¶ 3, ECF  
 26 No. 1; Mot. to Compel Arbitration and Dismiss or Stay Court  
 27 Proceedings ("Mot.") 10:2-3, ECF No. 27. Meanwhile, Defendant  
 28 Anil Oroskar is Principal and Chief Technology Officer of  
 Orochem. Compl. ¶ 4. Together, these two Defendants formed  
 Kazmira LLC ("Kazmira") with Orochem. Id. ¶ 5. Defendants  
 Priyanka Sharma and Pulak Sharma are co-CEOs of Kazmira. Id.  
 ¶ 7. And finally, Defendant Gregory Rocklin is a business  
 development agent for Orochem and Kazmira. Id. ¶ 8.

1 decreasing costs and retaining cannabinoids present  
2 in the raw material. Id. ¶ 82.

3 After several months of discussing the  
4 capabilities of Shoolin's proprietary technology,  
5 in August 2018, Plaintiff entered into a signed  
6 contract ("the Agreement") with Shoolin to install  
7 and operate their equipment in Plaintiff's  
8 facility. Id. ¶¶ 23-38; Sealed Decl. in Supp. of  
9 Appl. ("Agreement"), ECF No. 26-1. The Agreement  
10 contained an arbitration clause, which stated in  
11 pertinent part: "any and all disputes arising out  
12 of or relating to this Agreement shall be  
13 exclusively and finally resolved by binding  
14 arbitration." Agreement at 12; Mot. 8:26-27.

15 Plaintiff alleges that "Defendants installed their  
16 equipment" in Plaintiff's facility in November 2018.  
17 Compl. ¶ 38. Plaintiff contends that the equipment  
18 repeatedly failed to meet the promised production  
19 specifications, that Defendants failed to deliver some  
20 equipment, and that Defendants used Plaintiff's facility  
21 for Defendants' own research and development rather than  
22 for processing Plaintiff's THC oil. Id. ¶¶ 38-53.  
23 Plaintiff alleges that, due to the equipment's failure,  
24 it suffered loss of profits, clients, and credibility in  
25 the California cannabis market. Id. ¶ 42. From  
26 December 2018 to July 2019, Plaintiff continued to rely  
27 on Shoolin's claims, and at Shoolin's request, invested  
28 more money into the equipment and incurred more losses.

1 Id. ¶¶ 43-46. Then in August 2019, Shoolin terminated  
2 its business relationship with Plaintiff and proceeded  
3 to remove its equipment from Plaintiff's facility in  
4 October 2019. Id. ¶¶ 53, 54.

5 Based on these events, Plaintiff brought this  
6 Action against Defendants for violation of RICO,  
7 conspiracy to violate RICO, fraud, fraudulent  
8 concealment, unlawful business practices, and false  
9 advertising. See generally Compl. Plaintiff filed its  
10 Complaint [1] on May 3, 2022. Defendants filed the  
11 instant Motion [27] on July 22, 2022. Plaintiff opposed  
12 [31] Defendants' Motion on August 9, 2022, and  
13 Defendants replied [32] on August 16, 2022.

## 14 II. DISCUSSION

### 15 A. Legal Standard

16 "[T]he Federal Arbitration Act (FAA) makes  
17 agreements to arbitrate 'valid, irrevocable, and  
18 enforceable, save upon such grounds as exist at law or  
19 in equity for the revocation of any contract.'" AT&T  
20 Mobility LLC v. Concepcion, 563 U.S. 333, 336 (2011)  
21 (quoting 9 U.S.C. § 2). "By its terms, the [FAA] leaves  
22 no place for the exercise of discretion by a district  
23 court, but instead mandates that district courts shall  
24 direct the parties to proceed to arbitration on issues  
25 as to which an arbitration agreement has been signed."  
26 Dean Witter Reynolds, Inc. v. Byrd, 470 U.S. 213, 218  
27 (1985). "[A]ny doubts concerning the scope of  
28 arbitrable issues should be resolved in favor of

1 arbitration.” Ferguson v. Corinthian Colleges, Inc.,  
2 733 F.3d 928, 938 (9th Cir. 2013).

3 “Generally, a court’s role under the FAA is limited  
4 to determining ‘two “gateway” issues: (1) whether there  
5 is an agreement to arbitrate between the parties; and  
6 (2) whether the agreement covers the dispute.’” Manuwal  
7 v. BMW of N. Am., LLC, 484 F. Supp. 3d 862, 865  
8 (C.D. Cal. 2020) (quoting Brennan v. Opus Bank, 796 F.3d  
9 1125, 1130 (9th Cir. 2015)).

10 **B. Analysis**

11 Defendants assert that the Court must compel  
12 arbitration under the FAA because the Agreement’s  
13 arbitration clause is valid and binding on Plaintiff.  
14 See generally Mot. Alternatively, Defendants invoke the  
15 doctrine of equitable estoppel and agency principles to  
16 compel arbitration. Id. The Court finds that the  
17 doctrine of equitable estoppel applies and therefore  
18 grants<sup>2</sup> Defendants’ Motion to Compel Arbitration.

19 Non-signatories to a contract with an arbitration  
20 clause may be bound to arbitration by the following  
21 principles: 1) incorporation by reference;  
22 2) assumption; 3) agency; 4) veil-piercing/alter ego;  
23 and 5) estoppel. Comer v. Micor, Inc., 436 F.3d 1098,  
24 1101 (9th Cir. 2006). Equitable estoppel “precludes a  
25 party from claiming the benefits of a contract while

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26  
27 <sup>2</sup> Since the Court grants Defendants’ Motion to Compel  
28 Arbitration on equitable estoppel grounds, the Court need not  
address the parties’ agency arguments.

1 simultaneously attempting to avoid the burdens that  
2 contract imposes.” Id. (quoting Wash. Mut. Fin. Group,  
3 LLC v. Bailey, 364 F.3d 260, 267 (5th Cir. 2004)).

4 This principle, under both federal and California  
5 law, permits non-signatory defendants to invoke an  
6 arbitration clause “when the causes of action against  
7 the non-signatory are ‘intimately founded in and  
8 intertwined’ with the underlying contract obligations.”  
9 Boucher v. All. Title Co., Inc., 25 Cal. Rptr. 3d 440,  
10 446 (2005). In other words, the relevant causes of  
11 action must “rely on and presume the existence of the  
12 contract.” Id. at 444. Relevantly, the “focus is on  
13 the nature of the claims asserted by the plaintiff  
14 against the non-signatory defendant.” Id. at 447.  
15 Thus, claims sounding in tort that rely on or presume  
16 the existence of a contract do not avoid an arbitration  
17 clause. Id. (finding that a defendant could compel  
18 arbitration because Plaintiff’s tort claims relied on or  
19 presumed the existence of the employment agreement).

20 Defendants argue that equitable estoppel applies  
21 here because Plaintiff’s claims against Defendants  
22 “specifically incorporate by reference the essential  
23 terms of the Agreement.” Mot. 18:20-21. Although  
24 Plaintiff’s claims are based in tort, each claim  
25 Plaintiff raises against Defendants relies on or refers  
26 to the Agreement. See Lucas v. Hertz Corp., 875 F.  
27 Supp. 2d 991, 1003 (N.D. Cal. 2012) (finding that  
28 plaintiff’s claims “ma[de] reference to or presume[d]

1 the existence of the underlying contract since plaintiff  
2 would not have been able to rent the car or have any  
3 relationship with Hertz without first signing the rental  
4 agreement").

5 Each cause of action in Plaintiff's complaint –  
6 violation of RICO, conspiracy to violate RICO, fraud,  
7 fraudulent concealment, unlawful business practices, and  
8 false advertising – arises from Plaintiff's contentions  
9 that Defendants misrepresented the capabilities of their  
10 proprietary technology, their proficiency in purifying  
11 cannabis oil, the technology that would be provided, and  
12 their intent to conduct research and development at  
13 Plaintiff's facility. Compl. ¶ 51. Since the Agreement  
14 specified that Defendants would provide effective  
15 proprietary technology and operate it in Plaintiff's  
16 facility, Plaintiff's claims ultimately rely on  
17 obligations provided in the Agreement. Agreement at 6.  
18 The Court addresses Plaintiff's claims in turn.

19 1. Claims One and Two: Violation of RICO and  
20 Conspiracy to Violate RICO

21 First, Plaintiff alleges that Defendants violated  
22 RICO and conspired to violate RICO. Compl. ¶¶ 17-23.  
23 Specifically, Plaintiff claims Defendants committed the  
24 predicate acts of wire fraud and causing the  
25 transportation of persons and at least \$5,000 in  
26 interstate commerce by means of fraud. Id. In support  
27 of these allegations, Plaintiff contends that Defendants  
28 committed wire fraud by transmitting and causing to be

1 transmitted writings by means of wire communications in  
2 interstate commerce for the purpose of defrauding  
3 Plaintiff. Id. ¶ 64. Plaintiff also alleges that  
4 Defendants solicited and accepted transfers of money in  
5 interstate commerce with the knowledge that it was  
6 obtained by fraud. Id. Finally, Plaintiff states that  
7 Defendants induced Plaintiff to travel from California  
8 to Illinois in furtherance of a scheme to defraud. Id.

9 Plaintiff's claims arise out of the Agreement and  
10 the parties' conduct regarding the Agreement. First,  
11 Plaintiff shares excerpts of Defendants' interstate e-  
12 mails describing the capabilities of Shoolin's  
13 proprietary technology, Orochem's potential impact on  
14 Plaintiff's production, plans to set up Defendants'  
15 system in Plaintiff's facility, and Defendants'  
16 willingness to "structure the deal" to guarantee such  
17 outcomes. Id. ¶ 66. Plaintiff contends that  
18 Defendants' representations regarding the capabilities  
19 of Shoolin's proprietary technology constitute fraud,  
20 and those capabilities are guaranteed in the Agreement.  
21 Id. ¶ 37; Agreement at 19. Thus, Plaintiff's wire fraud  
22 allegations relate to the Agreement.

23 Next, the Agreement provides that Plaintiff would  
24 transfer funds in interstate commerce to Defendants and  
25 third parties, and Plaintiff contends it wired funds to  
26 Defendants due to fraud. Section 2.10 states that  
27 Plaintiff "shall pay to Shoolin an amount equal to  
28 Shoolin's Direct Manufacturing Costs with respect to



1 such Product.” Id. at 4. And Section 2.1 of the  
2 Agreement states in pertinent part that “[Plaintiff]  
3 shall supply sufficient quantities of Material...at  
4 [Plaintiff]’s sole expense.” Agreement at 3. These  
5 provisions require Plaintiff to transfer funds either  
6 directly to Shoolin, to Shoolin’s representatives, or to  
7 a third party.

8 Moreover, Plaintiff details two domestic wire  
9 transfers from Plaintiff to Orochem in 2018 and 2019.  
10 Compl. ¶ 67. Plaintiff alleges that these wire  
11 transfers were sent “due to fraud” and claims that  
12 Defendants defrauded Plaintiff by misrepresenting the  
13 capabilities of Shoolin’s proprietary technology, the  
14 equipment that Plaintiff would receive, and Defendants’  
15 use of Plaintiff’s facility. Id. ¶¶ 51, 67. And the  
16 capabilities, equipment, and operation specifications  
17 that Defendants allegedly misrepresented to Plaintiff  
18 were ultimately outlined in Plaintiff’s the Agreement  
19 with Shoolin. Id.; see generally Agreement. Therefore,  
20 Plaintiff’s allegations that Defendants solicited and  
21 accepted transfers of fraudulently obtained money in  
22 interstate commerce arise out of or relate to the  
23 Agreement.

24 Finally, Plaintiff alleges that its representative  
25 traveled from California to Illinois to meet with  
26 Defendants on July 26, 2018. Id. ¶ 68. Once again,  
27 Plaintiff alleges this was “in the execution of a scheme  
28 to defraud,” and claims the fraud was the

1 misrepresentation of the proprietary technology and  
2 services contracted for in the Agreement. Id. ¶¶ 51,  
3 68. Therefore, these claims arise out of or rely upon  
4 the existence of the Agreement.

5 2. Claim Three: Fraud

6 Next, Plaintiff alleges fraud, arguing that  
7 Defendants falsely claimed their proprietary technology  
8 would purify crude THC oil to a minimum of ninety  
9 percent concentration and it did not. Compl. ¶ 88.  
10 Meanwhile, the "Specifications" section of the Agreement  
11 provides that the Proprietary Technology would produce  
12 "THC oil containing at least ninety percent of the THC  
13 and THCA contained in raw material". Agreement at 19.  
14 Thus, Plaintiff's claim relies on obligations set forth  
15 in the Agreement.

16 3. Claim Four: Fraudulent Concealment

17 Plaintiff also alleges fraudulent concealment,  
18 contending that Defendants concealed from Plaintiff that  
19 their proprietary technology was not fully developed.  
20 Compl. ¶¶ 94-98. Similar to Lucas, where the plaintiff  
21 would not have had access to the vehicle at issue  
22 without first entering the contract, here, Plaintiff  
23 would not have implemented the proprietary technology if  
24 Plaintiff did not first sign the Agreement. Thus,  
25 Plaintiff's claim presumes the existence of the  
26 contract.

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4. Claims Five and Six: Unlawful Business Practices and False Advertising

Lastly, Plaintiff alleges unlawful business practices and false advertising. Id. ¶¶ 99-112. In support of these claims, Plaintiff alleges that Defendants made material misrepresentations, omissions, or untrue or misleading statements about their proprietary technology and the operation of the technology.<sup>3</sup> Id. ¶¶ 102, 109. Such claims rely on the existence of the Agreement because the asserted effectiveness of the proprietary technology, and Defendants' obligations to provide and operate the technology, are established in the Agreement. Agreement at 6, 19. Indeed, the Agreement provides that Shoolin would "purchase, build, deliver, install, transport, and use commercially reasonable efforts to qualify its proprietary purification process" and that the resulting THC oil would "contain at least ninety percent of the

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<sup>3</sup> Plaintiff bases its unlawful business practices claim on section 17200 of the California Business and Professional Code, which provides that "unfair competition shall mean and include any unlawful, unfair or fraudulent business act or practice and unfair, deceptive, untrue or misleading advertising." Cal. Bus. & Prof. Code § 17200. Courts recognize that "[v]irtually any law or regulation—federal or state, statutory or common law—can serve as [a] predicate for a . . . [section] 17200 'unlawful' violation." Klein v. Chevron U.S.A., Inc., 137 Cal. Rptr. 3d 293, 326-27 (2012) (quoting Paulus v. Bob Lynch Ford, Inc., 43 Cal. Rptr. 3d 148 (2006)). The Plaintiff's four other causes of action are suitable predicates for Plaintiff's section 17200 claim. And, as stated above, this Court finds that Plaintiff's first four claims arise from or rely on the Agreement. Therefore, Plaintiff's section 17200 claim necessarily arises from or relies on the Agreement as well.

1 THC and THCA in the raw material.” Id. Therefore,  
2 Plaintiff’s unlawful business practices and false  
3 advertising claims arise out of or rely upon the  
4 Agreement.

5 In sum, since all Plaintiff’s claims rely on or  
6 presume the existence of the contract, Defendants may  
7 compel arbitration through the doctrine of equitable  
8 estoppel.

9 5. Stay or Dismiss

10 Having determined that the parties’ dispute is  
11 arbitrable, the Court next addresses whether to stay or  
12 dismiss this Action pending completion of arbitration  
13 proceedings. Under the FAA, if the court is satisfied  
14 that a dispute is referable to arbitration, it “shall on  
15 application of one of the parties stay the trial of the  
16 action until such arbitration has been had in accordance  
17 with the terms of the agreement.” 9 U.S.C. § 3. The  
18 Ninth Circuit has held that, “notwithstanding the  
19 language of § 3, a district court may either stay the  
20 action or dismiss it outright when, as here, the court  
21 determines that all of the claims raised in the action  
22 are subject to arbitration.” Johnmohammadi v.  
23 Bloomingtondale’s, Inc., 755 F.3d 1072, 1074 (9th Cir.  
24 2014). All of Plaintiff’s claims are subject to  
25 arbitration, and neither party argues for a stay in the  
26 event the Court compels arbitration of all causes of  
27 action. See Mot. 21:11-201; Opp’n. 12:7-11. As a  
28 result, the Court in its discretion **DISMISSES** the Action

1 without prejudice.

2 **III. CONCLUSION**

3 Based on the foregoing, the Court **GRANTS**  
4 Defendants' Motion and **ORDERS** the parties to arbitrate  
5 their dispute in accordance with the terms of the  
6 Agreement. The Action is **DISMISSED** without prejudice.  
7 The Clerk of the Court shall close this Action.

8 **IT IS SO ORDERED.**

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10 DATED: October 11, 2022

/s/ **RONALD S.W. LEW**

11 **HONORABLE RONALD S.W. LEW**  
12 Senior U.S. District Judge  
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